

**Virginia Workforce Council  
Sheraton Pentagon South Hotel  
Alexandria, Virginia  
June 5, 2003  
Minutes**

I. Call to Order and Roll Call – Vice Chair Marjorie Connelly

Vice Chair Connelly called the meeting to order at 9:10 a.m.

Roll Call – Members Present

Marjorie M. Connelly, Vice Chair	Hugh D. Keogh
Cordell Briggs	Charlie H. Mills III
John Cannon	Patricia S. O'Bannon
G. Trigg Copenhaver	Rebecca B. Rice
Patrick Dean	Michael J. Schewel
Dolores Esser	Richard L. Settle
C. Michael Ferraro	Brett Vassey
Richard A. Gonzalez	Jane Woods
Delegate Clarke N. Hogan	Andrea Wooten
George H. Hunnicutt	

II. Approval of the Minutes – Vice Chair Connelly

The minutes of the March 27, 2003 meeting were approved.

III. Aging and Incumbent Worker Study – Kelly Mikelson, Research Associate, Urban Institute

The Urban Institute will conduct the Aging and Incumbent Worker Study approved by the Council last year. The final report is due November 15, 2003. The four primary study objectives are: (1) analyze workforce trends, employee needs and preferences in Virginia and how the aging population and workers fit into these trends; (2) examine the trends in business demand for workers and the growth and decline in occupations and skills that will be in demand in the future; (3) identify best practices in Virginia and elsewhere for integrating the emerging and diverse groups into the changing workforce; and (4) recommend public and private sector incumbent worker policies and strategies considering these economic and population trends.

The study methods will (1) involve quantitative analysis of demographic trends statewide; (2) include a telephone survey of 1,000 adults ages 18 to 65 by the Gallup Organization; and (3) include 3 Forums with businesses and stakeholders in Richmond and Abingdon and a national forum in Washington, D.C. which will include members of certain business groups like the National Alliance of Business and the U.S. Chamber of Commerce. This study is intended to assist the Council in making important policy choices about incumbent worker training and the aging workforce.

IV. Workforce Investment Act (WIA) Performance Report – Willie Blanton, Staff

This report is about the three funding streams in WIA and it answers four basic questions: (1) what are WIA's performance requirements; (2) how did Virginia compare with other states last year; (3) how is Virginia performing this year; and (4) what are some of the key

performance trends. Some background is helpful in better understanding VA's WIA performance.

The WIA performance standards are intended to measure increased employment, retention, earnings, skill attainment and customer satisfaction. The challenge in explaining the WIA performance system is to take something complicated and present it in a practical way that can benefit policy makers and employers. There are four measures for adults, four for dislocated workers, four for older youth, three for younger youth and two for customer satisfaction.

An important aspect of the performance system is that each successive year's performance standards are higher than the previous year, building in the continuous improvement required by WIA. During initial performance negotiations with DOL, the state was not comfortable with the benchmarking that was done on the Job Training Partnership Act (JTPA) data. There was also concern that other states may have had an advantage because of where they were in their implementation process. It has taken three and half years to confirm that these were real issues. Virginia's concern is that negotiated performance levels are the most critical aspects of meeting required performance and Virginia's was higher than most states. If the standards are high and the state of readiness does not conform, then the standards are more challenging to meet.

WIA has sanctions and incentives built into the performance system. State WIA grants may be reduced if the state fails to meet state-adjusted levels of performance for two consecutive years. The sanction, up to five percent, is based upon the degree of failure. In Virginia, there have not been any sanctions. Financial incentives are the other side of the equation. A state receives additional funds if it exceeds all 17 WIA performance measures, and the Adult Education and Carl D. Perkins program performance measures. As the Council contemplates how to generate additional resources for Virginia, it becomes important to see how this information can be folded together. This is one of the things to start to do in terms of greater system building.

In assessing Virginia's performance, especially in comparison to other states, there are important factors that should be considered. First, WIA implementation in states did not start on the same footing. Some states that implemented early may have been instrumental in how the legislation was framed. As a consequence, such states are known as "flagship states", "model states", etc. Some of these states are Indiana, Michigan, Florida and Utah. Virginia was not an early implementing state. Another factor to consider when assessing VA's performance is the use of JTPA data as a benchmark. Reliance was placed on some data elements that were not good indicators of what the WIA system required. For a new system with a different service philosophy, they were not good indicators and it has taken time to prove this fact. However, Virginia's WIA performance is understood better when compared with states in the region (PA, MD, DE, WV, DC), other contiguous states (NC, TN, KT), and select flagship states (IN, MI, TX).

Virginia met its adult performance standards. In the first chart example, Virginia's adult entered employment standard was met at 72.4. For this standard, VA's negotiated level of 73 was higher than all other Philadelphia Region states; higher than the Atlanta Region states, other than SC; and higher than the "flagship" states, NC, FL, MI, and TX whose negotiated levels were 72, 65.5, 71.3, and 71, respectively. The next several charts illustrate a similar condition.

Problems encountered in Virginia have primarily been with youth wages and credential measures. For example, Virginia's negotiated level for Older Youth credential attainment was 51, higher than all but one of the survey states (DE, 52) and the District (52). It is interesting that Virginia failed to meet this standard at 35.7, 5.7 points higher than neighboring NC's negotiated level of 30, and higher than flagships FL (28) and IN (34).

Overall performance for 2001 -2002, Virginia exceeded 9 of the 17 standards, met additional 6 standards and failed to meet 2 standards.

The second part of this report is on the first two quarters of this program year. For this period, there were 14,261 participants served. The total expense was \$19,921,422 and at the average cost of participant at \$1,397.00.

During the first two quarters of this program year, VA was exceeding 8 measures, meeting 7 and failing to meet 2. By the end of the third quarter, VA is exceeding 8 measures, meeting 8, and failing to meet only one. The trends through the end of the third quarter are that the state's exceeded measures have leveled off, those met have increased gradually, while those failed have declined significantly. The standard that has been the most difficult is the Older Youth earnings change, which has shown a steady decline over the last five quarters. Our analysis shows that the numbers of youth served are small and subject to swings. Seven and half percent of the older youth are registered in the adult program and not the youth program.

The state's challenges are to continue the positive trends that have been identified, reverse the youth standard trends, attempt to renegotiate the baseline standard, and continue to assess the situation. Once these problems are clearly identified, they will be corrected in a manner that will not compromise the integrity of the program, and once this is done, systemic directions for improvement will be made.

A question was raised about whether the role of the Council is to manage the performance of the One Stop Centers in the Commonwealth and if it is yes, is it the actual bodies that walk into the centers or the programs that participate in the One Stop system? The response was that the role of the Council is to manage the performance of the One Stop Centers, but the role of the Council is not to manage the bodies or programs but to set policies and not manage operations. The next question becomes what numbers should be looked at and this is a future issue for the Council to think about.

A question was raised as to whether the state has had input into the WIA reauthorization process on these issues. Secretary Schewel responded that the state has concentrated on the bigger issues and not some of the things mentioned, i.e., looking at where the Governor's role would be in the reauthorization. The Governor has met with the Virginia delegation on some of these issues, but it's been on a systems scale. There has been work on some of the smaller ones with the DOL but there has not been a lot of success. There are significant discussions going on about whether the eight common measures across federal programs will be implemented through administrative policy at the national level prior to reauthorization.

#### V. Public Comment – Vice Chair Connelly

There were no public comments.

## VI. Committee Reports – Vice Chair Connelly

### WIA Coordinated Planning and the Hard to Employ Committee – Vice Chair Clarke Hogan

Vice Chair Hogan asked for approval of the WIBs Local Plan extensions through-December 2003 or until the WIA Division issues revised local planning guidance for the upcoming program year that incorporates the Governor's Workforce Reform agenda and the anticipated changes mandated by the reauthorized WIA, whichever is later. The recommendation was moved, seconded and approved.

Commissioner Esser provided a handout on the Administration's proposed WIA 15 percent statewide budget. The total funding is less than last year and that has to do with anticipated carryover that will not be available this year. Personnel cost for VEC staffing and the Community Colleges were cut. The Education for Independence Program (EFI), after a lot of discussion, was substantially cut to allow EFI to phase out students currently in the program through another semester of programs. Skill Centers were cut 15 percent, Incentive Awards for WIBs were cut in half and capacity building was reduced. For the Department of Business Assistance (DBA), in the year 2002, the funding represented the Incumbent Worker Program. For next year, the \$25,000 is for partial DBA staff support to the Council required under the new legislation that was passed by the General Assembly.

There is a new category for the Governor's Workforce Initiatives. The Middle College is a program at J. Sargeant Reynolds Community College and Southside Community College. MACC, the Middle Atlantic Career Consortium, is an automated system that Virginia participates in with West Virginia, Pennsylvania and Maryland to support intake for the Workforce Investment system and eventually for the job service program in those four states. It had been previously been funded out of special grants that VEC had received but that grant money has been depleted. The Incumbent Worker Training Program is funded and Virginia was selected to be a part of a National Governor's Association Workforce Policy Academy and there are funds appropriated for that. Demand Plans are also a Governor's initiative and part of the new state legislation. A Governor's Workforce Conference will be held this fall and there is money to start this event. There is some money for Jobs for Virginia Graduates, a national program that is operating in Virginia.

There is some balance available for other initiatives of the Governor that will emerge this year. A question was raised about funding for Council member training and for Council responsibilities and conferences on best practices. The response was that the Council has not established a policy to pay for conferences and training for Council members. This will need to be brought up in one of the committees and a recommendation made to the Council, in this regard.

A question was raised about the 65 percent cut in the EFI Program. Secretary Schewel responded that the EFI program was legislatively designated to be supported by the WIA. The legislation also stated that EFI would be encouraged to seek funding through the local WIBs. The EFI is an excellent program, but the question is, is this one that should be funded out of the WIA statewide funds as opposed to any other terrific program. Instead of eliminating the funding, it was appropriate to provide enough funding so that staff, participants and constituents, would have at least enough money to get through another semester in the current version of the program, and have plenty of time to plan ahead to get funding from the local WIBs or other sources of funding.

A question was raised about the absence of funds for marketing in next year's budget proposal. The response was that there will be a new Council in which there will be a new focus. There will be some marketing, but it was thought to be premature to put a dollar sign at this point and time. This will be revisited. A question was raised about the status of hiring a Workforce Coordinator. Secretary Schewel responded that from a list of 40 applicants, nine were interviewed and the three leading candidates were recommended to the Governor. The Governor has interviewed the three candidates and the announcement will be made in the next couple of weeks. Vice Chair Connelly asked for approval of the Budget. Moved, seconded and approved.

Vice Chair Hogan postponed recertification of the WIBs until the next Council meeting. All of the data was not in. The result of not recertifying a WIB is that the Administration can reconstitute the WIB.

#### Workforce and Economic Development Committee – Chair Hugh Keogh

The Committee has one decision item, which is guidance for the "Demand Plan" for two pilot WIBs. Mr. Keogh asked John Cannon, a member of the Workforce and Economic Development Committee, to comment on his observations regarding the Demand Plan guidance. As a businessman, Mr. Cannon cautioned against the amount of time businesses might be required to spend in participating in the Demand Plan process. However, a lot of insight will be gained from the pilot projects. It provides a good template to produce a document for the WIBs to use to assess employers' demands for workforce training.

Gail Robinson presented additional information on the Demand Plan. The revised state legislation for the Council requires that each WIB submit a Demand Plan annually to the Council. The Demand Plan is intended to drive the training provided by the One Stops in each workforce investment area.

Recognizing that this is new for the workforce investment system and that it is a considerable undertaking, the recommendation is that it be piloted in two areas: Workforce Area 2 (New River/Mount Rogers and Workforce Area 3 (Western Virginia). Both of those areas have stepped forward and volunteered on the part of the business community and local government. The Guidance promotes the use of data analysis and employer surveys that may have been recently conducted to address demand, to avoid duplication of effort and to minimize the burden on employers. As a pilot approach, the lessons learned will be critical in fashioning the final Guidance for all of the WIBs. This is the process and the template for the two pilots.

The Administration is committed to funding technical assistance for the two WIBs to develop the plan and do the analyses that is required. In some instances all of the analyses will not be required because private vendors or post-secondary institutions may have already done some work. There will also be a State Technical Team to advise the pilots composed of representatives from Secretary Schewel's office, the Economic Development Partnership, the Virginia Employment Commission, the Department of Education and the Planning District Commissions. The State Technical Team will ensure there is consistency in the way the Demand Plans are done and bring their expertise to the process.

The first segment of the plan captures a profile of the economic base in the region. Next major industry sectors and occupations are identified. Training required for the occupations, hiring standards, labor practices, perceived labor force problems complete the Plan. Focus

groups and employer surveys will capture real-time data. The result will be a Demand Plan which provides a clear, concise understanding of what the demand is in the region, what occupational skills are required and which industries are growing, declining or stable. The assessment and analysis drives the training plan for the WIBs. Vice Chair Connelly asked for approval of the Demand Plan. Moved, seconded and approved.

Career Training & Education Committee – Chair C. Michael Ferraro

The Youth Councils need some work in the state. The Committee is involved in the following: (1) capturing information on all of the youth programs in the Commonwealth to put information on the web site about the different youth programs across the state for access by Youth Councils; (2) working with the VEC on a set of measurable criteria for monitoring the performance of Youth Councils; and (3) reviewing expenditures at the Youth Council level with the goal of recapturing unspent funds and redirecting those funds to the local level for remediation. The Committee will present a policy on some of the youth measurements at the next Council meeting.

The Committee recommends a youth council track at the Governor's Conference to assist Youth Councils struggling based on their performance. The Committee is also working on portable transferable skill credentialing. Staff have been asked to present two plans to the Committee. One would be a plan to implement ACT as a base for job readiness certificates across the state modeling two other states that have already done that. And, second to work with the National Skills Standards Board to develop some type of industry cluster certification, which might be helpful with the Demand Plans.

VII. Incumbent Worker & Layoff Aversion Program – Preston Wilhelm, Department of Business Assistance (DBA)

The DBA received WIA statewide funds to administer this program based on a policy approved by the Council. The Incumbent Worker Training Program is designed to create innovative incumbent worker training programs and early intervention for lay off aversion strategies. Businesses are eligible that need to upgrade their employee knowledge and skill because of a significant change in technology or delivery process. There is a minimum of ten full-time employees involved in the retraining and a minimum wage rate of \$8.00 per hour. A business must provide a minimum of 50 percent of the retraining costs and must be in operation for at least a year and the training wages are not covered.

Funding priorities are for businesses with 100 employees or less, for businesses located in rural or distress inner city areas, businesses located in enterprise zones, businesses whose grant proposals represent significant layoff avoidance strategies, businesses that implement job creation strategies for entry level workers and businesses whose grant proposals represent a significant upgrade in employee skills.

DBA's goal was to train 1400 employees. There was a total of \$762,325 and ten percent will be used as administrative cost. DBA has funded training for at least 1800 employees for companies this year through June 30, 2003. The average cost is \$421. DBA did full service for 22 companies for 1800 employees. By full service, the DBA has assisted these companies that have no funds to develop websites, orientation programs, recruiting processes and those types of services. DBA has had orientation visits with 16 WIBs. DBA has a meeting scheduled with the 17<sup>th</sup> WIB, Petersburg, on June 6, 2003

A question was raised about the WIA participant criteria to qualify for the program. For this program, the participants do not have to meet the WIA criteria because the WIA ten percent funds are flexible and uses are for purposes that are broader.

A question was raised about how does the Incumbent Worker Training Program interact with the worker retraining tax credit? The tax credit is not being utilized very well in the state. There are about four-five companies a year that apply for this tax credit.

VIII. Regional Assessment of Workforce-Driven Demand for Educational Programs – Dr. A. Fletcher Mangum, Managing Partner, Mangum Economic Consulting, LLC

This study is provided for the Career Training and Education Committee and forecasts, at the regional level, training requirements for new workers over the course of the next decade. It also provides information that can be used for strategic planning for the Council the local WIBs.

Occupational employment projections that are produced by the VEC are mapped through a crosswalk that delineates a training requirement by occupation and then are used to produce a forecast again at the regional level of the training needs that are business driven within each one of those regions. There were three sets of data that were used for this analysis. The VEC produces occupational employment projections that delineate the number of new openings that will occur throughout the state, both in terms of turnover rate and new positions. This is done for 12 regions, 8 metropolitan and 4 non-metropolitan areas. The VEC information covers 700 occupations and it is over a ten-year forecast horizon. The current forecast is from 1998 to 2008.

These are the best data available in terms of long-term employment trends within the state. The second source of data is from the National Crosswalk Service Center (NCSC). The U.S. Department of Labor funds the NCSC. This crosswalk maps occupations into their prerequisite training needs and the types of graduates that are required for entry into those occupations. This is done for 656 occupations. The third source of data is from the Bureau of Labor Statistics. This data delineates the type of degree that is associated with each one of those occupations. It classifies those into 11 categories.

These projections are more likely to be accurate in established occupations. In established occupations like nursing, teaching, there is good historical data upon which to base an assessment of what is likely to appear in the future based on demographic trends. In other occupations like the technology field, there is not a good history and it is a bit difficult to project what is likely to occur in the future. The accuracy of the analysis is also dependent on the accuracy of the NCSC crosswalk. That is also more likely to be accurate for established occupations.

These are long-term trends and what is received from surveys or focus groups is real time information from employers. There are advantages and disadvantages. There are liabilities with both of these methods in terms of the empirical forecast of long-term trends or the information that is from surveys and focus groups. When the two are combined there is a much clearer picture, than with one.

The results of the analysis were presented to the Career Training & Education Committee on May 7, 2003. This is a 160-page report. To provide a quick summary, there are three components represented. One is the total job opening by region, 1998 to 2008, by major

occupational groups. The second was the top 25 growth occupations in each one of those regions. These are directly taken from the VEC projections. The third is the analysis, which is taking those occupational employment projections and mapping them to the crosswalk to identify what the training needs will be in the future by region.

This is a work in progress, i.e., taking the demand side of information and combining it with information on the supply side, representing the number of graduates in Virginia by institution and category. Including a skills component and getting data from ACT on the skills associated with occupations augments the analysis. This involves not just the instructional programs, but also the core skills associated with each one of those occupations and being able to produce a listing as well, in terms of business skills needs by region. VEC updates these forecasts regularly. A new forecast will come out by the middle of this summer and this will provide a forecast for 2002 to 2010. When those data become available, we will update the information that is provided to you. We are also working to identify mechanisms that can be used to get the report into a format that would be easily accessible for decision-makers such as the Council and the local WIBs.

IX. Administrative Update – Commissioner Dolores Esser, VEC

August 13, 2003 has been set aside as the possible date for the Council's strategic planning session. Adhering to this date will depend on the timeliness in reconstituting the new Council. More information will be forthcoming closer to the date. The Governor's Workforce Development Conference will probably be scheduled for late fall. A lot of input will be solicited on the different tracks to be offered. There will be a youth track and a myriad of issues will be covered at the conference.

The House passed its WIA reauthorization bill in May. In June the Senate will begin action and Council will be kept apprised of changes that occur.

A certificate from Governor Warner was awarded to Vice Chair Marjorie Connelly, recognizing her outstanding service to the Virginia Workforce Council since it was established in 1999.

Dr. Jacquelyn Madrey-Taylor was introduced and welcomed. The Governor appointed Dr. Madrey-Taylor to the Council for a New Economy Workforce (CNEW) of the Southern Growth Policies Board. Also on this Council from Virginia are Dr. Timothy Franklin from Virginia Tech and Cheryl Lockwood from the Tidewater area. The Southern Growth Policies Board is a non-partisan public policy think tank based in Research Triangle Park, North Carolina and CNEW is one of four Councils for the Board. CNEW conducts policy research and promotes innovative workforce development programs to accelerate the South's transition from a low-skill, branch plant economy to one characterized by skilled labor and entrepreneurial talent. CNEW works with leaders in the region to prepare and strengthen the Southern workforce to compete in the Knowledge Economy.

X. Adjourn – Vice Chair Connelly

Vice Chair thanked all the presenters, staff and the audience for their participation and stated the Council's meeting schedule for the next fiscal year will be announced after July 1, 2003, when the new Council is appointed by the Governor. The meeting was adjourned at 12:15 p.m.